

MEETING: 8th JUNE 2015

**REVENUE BUDGET OUTTURN 2014/2015 AND REVENUE BUDGET FIRST
REVIEW 2015/2016**

JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE FINANCE OFFICER

1. INTRODUCTION

- 1.1 The Authority's Statement of Accounts for 2014/2015 is currently being prepared and will be presented to the Authority's Governance Committee on 29th June 2015.
- 1.2 As preparation of the Statement of Accounts is ongoing and the final outturn position may be subject to change, this report advises Members of the Revenue Budget Outturn position for 2014/2015 as it currently stands, outlining the main areas of variance and any related proposed actions. It is proposed that the Finance Officer, in consultation with the Chief Fire Officer and the Chairman of the Authority, be given delegated authority to take any further additional final accounts decisions beyond those included in this report. If any material changes occur to the current position, these will be reported to the Authority.

2. REVENUE OUTTURN 2014/2015

- 2.1 A summarised Revenue Budget projected Outturn is shown at Appendix 1. A small number of issues have still to be resolved, and it is possible that the Outturn position may change as the Statement of Accounts is progressed, though any changes are unlikely to have any material impact on the Authority's overall position for the year.
- 2.2 The Outturn statement does not include provision for charges associated with compliance with the International Accounting Standard (IAS) 19, which deals with accounting for pensions. This however has an overall neutral effect on the financial position of the Fire Authority, in accordance with the Statement of Recommended Practice. Adjustments relating to charges associated with compliance with IAS 19 will be reflected in the Authority's Statement of Accounts.

Outturn Position

- 2.3 The Third Review, reported to Members in January 2015, identified a net underspend of £0.362 million at year end compared to the Revised Budget position after the Authority agreed that the proposed use of earmarked reserves of £1.133m was no longer required to support the budget. It was recognised that these and any further budget savings at outturn would fund one off spending pressures and additional costs in implementing budget proposals as part of a prudent and robust approach to budget setting.
- 2.4 The Revenue Budget Outturn for 2014/2015 position, after most year end accounting has been completed, now shows a net underspend of £0.024m, the main variances are set out in paragraph 2.5 below for information. Appendix 1 summarises this position showing the projected outturn position.

Main Variances

- 2.5 The main variations are detailed below for information. Where relevant, this includes a brief assessment of any ongoing impact into 2015/2016.
- Employee costs (£287k underspend) – as reported at third review savings have been made during the year through IRMP staffing reviews, increased retirements to the original forecast, and more Firefighters in development stages so incurring lower salary costs. Further savings have been achieved at year end due to the continuing higher levels of staff leaving through retirement in the final quarter of the financial year.
 - Premises (£77k underspend) – continued efficiency measures (carbon reduction plan actions) and a prudent approach to price increases have generated an underspend on utility budgets across the Authority's estate.
 - Transport (£213k underspend) – year end savings on leasing budgets and fluctuations in petrol and diesel prices have generated savings in transport budgets, especially during the period January to March 2015.
 - Supplies and Services (£119k underspend) - a prudent approach to spend following a full budget review has created savings across the supplies and services budgets.
 - Contingency (£378k underspend) – contingency set aside has not been required at year end due to effective budget management in the last financial quarter.

- Income (£214k overachieved) – it was previously reported that there would be a small shortfall in the total income received. However there has been an increased take up of BTC courses in the latter part of the year thereby generating additional income.
- Interest Received (£64k under budget) – reductions to cash flow and income levels has meant lower interest has been received on the Authority's cash working balances during the year than was estimated.
- Reserves and Provisions Appropriations (net £920k) – the out-turn position reflects appropriations required to reserves and provisions which takes into account a provision for Pensions Top Up Grant and other planned use of reserves identified during the year. A full review of the Authority's projected out-turn position and available reserves has been carried out by senior management and the Finance Officer to ensure its resources are re-aligned to the key risks identified for the service. Any further changes (if necessary) will be reported when the Authority's Statement of Accounts 2014/2015 is completed.
- Other minor budget variations (net £27k underspend).

Earmarked Reserves

- 2.6 Earmarked reserves are funds that are set aside to meet costs of specific purposes in future financial years. Such reserves ensure that the Authority can adopt and operate a more flexible approach to budget management and meet cost pressures of committed and known future service costs. A statement showing the movement on earmarked reserves in 2014/2015 is provided at Appendix 2 for information at this stage, which takes into account the agreed reserve transfers from the in depth review of existing reserves carried out as part of the budget out-turn process.

3. GENERAL BALANCES

- 3.1 The balance of the general fund as at 31st March 2015 is estimated to remain at £3,872k.

4. REVENUE BUDGET 2015/2016

- 4.1 Regular monitoring of the budget continues to take place and the full impact of the 2014/2015 revenue budget outturn, alongside current spending against budgets will continue to be evaluated during the early part of 2015/2016.

There are no issues to raise at this early stage in the reporting cycle.



5. RECOMMENDATIONS

5.1 Members are requested to:

- note the Revenue Budget Outturn position for 2014/2015, set out at paragraph 2.4;
- note the position with regard to the Revenue Budget for 2015/2016 detailed at section 4;
- note the General Balances position detailed at paragraph 3.1;
- approve the delegated authority requested for the Finance Officer, in consultation with the Chief Fire Officer and the Chairman of the Authority to take any additional final accounts decisions in order to maximise the financial position of the Authority.